



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

October 20, 2005

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From: David E. Janssen
Chief Administrative Officer

E-COMMERCE STATUS REPORT

This is the fourth report on the progress of the E-Commerce Taskforce in response to the Board's November 16, 2004, motion. This report provides the status on the solicitation to award a contract for payment and credit/debit card processing via the Internet, the checklist and guidelines to assist departments in implementing E-Commerce applications, and the County's Cost Neutrality Policy.

The Taskforce anticipates bringing their recommendations regarding amending the Cost Neutrality Policy, contract award for payment and credit/debit card processing, and initial funding for one-time and ongoing E-Commerce application costs to your Board in December 2005.

Additionally, this report includes a discussion of coordination with the E-Government Advisory Committee.

Solicitation Document Update

As previously reported, eleven proposals are being evaluated by representatives from the Internal Services Department (ISD), Treasurer and Tax Collector (TTC), and Chief Information Office (CIO). ISD will be leading the effort to finalize contract negotiations in November which will permit the Taskforce to make a recommendation to your Board for a contract award in December 2005.

Checklist to Implement E-Commerce

To help County Departments implement their E-Commerce applications, the Taskforce created a checklist for E-Commerce implementation available via the County Intranet. The checklist outlines the steps necessary for implementation of an E-Commerce

application, and provides sample forms and contact information for assistance. Based on feedback from the departments, the Taskforce is currently revising the online checklist. We anticipate that the website will be available to the departments by November 2005.

Cost Neutrality Policy

The current Cost Neutrality Policy requires credit/debit card applications to be cost neutral and has limited the ability of districts and County departments to implement credit/debit card applications and E-Commerce. The Taskforce reviewed the existing Cost Neutrality Policy and developed an amendment that will facilitate the development and implementation of additional E-Commerce applications and credit/debit card acceptance by districts and County departments. The amendment to the existing Cost Neutrality Policy recommends that districts and County departments be allowed to:

- Include credit/debit card transaction costs and other application costs in the fees charged to all customers;
- Absorb the credit/debit card transaction costs and other application costs in their budgets when there is reasonable business case to do so; and
- Request a review of their proposed E-Commerce applications by the Auditor-Controller and the Chief Administrative Office if the applications do not meet the preceding two conditions, but merit consideration due to the customer service benefits they will provide to County residents. If the applications are approved by the Auditor-Controller and the Chief Administrative Office, final approval by the Board will be recommended.

The Taskforce's analysis of the Cost Neutrality Policy included a review of the approaches used by federal, State and other local government jurisdictions including the State of Virginia, California Department of Motor Vehicles, and various California Counties, including Kern, Orange, Riverside, and San Mateo. Except for tax payments, our review disclosed that most jurisdictions either include the credit/debit card costs and other application costs in customer fees or allow departments to absorb the costs. However, jurisdictions that accept credit/debit cards for tax payments consistently charge the taxpayers a convenience fee.

It should also be noted that the California Government Code allows State agencies to accept credit cards, regardless of cost effectiveness, if the additional level of customer service offered by these payment methods outweighs cost considerations.

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The Taskforce's recommendation to amend the Cost Neutrality Policy supports the County's Strategic Plan Goal No. 1 for Service Excellence because it will allow more departments to accept credit/debit cards and improve customer service by reducing waiting times, increasing payment options and eliminating the customer's need to travel in order to make payments.

Coordination with the E-Government Advisory Committee

The E-Commerce Taskforce realizes that there exist real obstacles to departmental initiatives to develop E-Commerce applications, including the need to restructure back-end business processes to support "front-end" web applications. There are also significant funding requirements for building such applications. In an effort to further facilitate and support the development of departmental technology-based solutions to improve County services, the Chief Information Office has created the E-Government Advisory Committee (Committee). The goal of the Committee is to work with County departments directly and establish a framework to both identify and assist in the development of individual or collaborative E-Government systems.

The Committee is working on developing a Countywide strategy based on a "citizen-centric" service delivery model to increase the number of web-based E-Commerce systems in the County. The objective is to also streamline and enhance the efficiency, effectiveness, and quality of County services. Whereas the E-Commerce Taskforce focuses on building the required infrastructure to promote more web-based transactional systems in the County, the E-Government Advisory Committee will focus on business process analysis and restructuring and assisting the departments in utilizing the E-Commerce infrastructure to develop new web applications.

Please feel free to call me, or your staff may contact Chiu Lee at (213) 974-1261 if you have any questions.

DEJ:DIL
DSD:CL:kd

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Chief information Officer
Director, Internal Services Department
Treasurer and Tax Collector